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SUBJECT: TELANGANA - A NEW STATE IS BORN

¶1. (SBU) SUMMARY: Faced with mounting protests from students and supporters of a new state of Telangana and the deteriorating health of a regional politician who was in the 11th day of a hunger strike

to death, GOI abruptly caved on December 9 and gave the go-ahead for formation of a new state in the northern part of Andhra Pradesh. In doing so, the Congress Party appears to have opened a can of worms. It is likely to be faced with a floodgate of similar demands from other statehood movements across the country; it has created a split within the Andhra Pradesh unit of its own party; and it appears to come across as weak and feeble, a party that can be easily bullied and intimidated by threats just six month after winning a decisive electoral mandate. End Summary.

¶2. (U) The GOI announced late on December 9 that it would initiate the process of formation of a new Telangana state, to be carved out of the existing state of Andhra Pradesh. The announcement comes following intense pressure on the government due to a hunger strike undertaken by K. Chandrasekhar Rao, a member of parliament and president of the regional party Telangana Rashtriya Samiti (TRS). Rao's fast had entered its 11th day and his health had deteriorated considerably. In support of Rao's fast, students of the state's largest university had decided to go on a strike and take to the streets on December 10. Street demonstrations in Hyderabad and other parts of Telangana region have been occurring over the last few days. Several self immolations by Telangana supporters have also taken place. The December 10 demonstration in Hyderabad promised to be a particularly large, impassioned and unpredictable one that forced the GOI to cave to Rao's demands.

The Mechanics

¶3. (U) The process of creating Telangana state will take time. The first step, announced by Home Minister Chidambaram on December 9, is consideration by the Andhra Pradesh state legislature of a resolution approving the creation of Telangana. The GOI will then draft enabling legislation, which will need approval of both houses of parliament. The minimum time required to carve out a new state is 18 months. Telangana is likely to take longer, according to contacts.

Small party - Big Success

¶4. (SBU) The TRS is a single issue party, formed in 2001 by Rao with goal of carving out a Telangana state that comprises the northern region of Andhra Pradesh. Rao joined hands with the Congress Party in the 2004 elections in return for the Congress Party's pledge to support formation of Telangana. Subsequently, however, the Congress Party back-tracked on its promise and Rao lost ground amongst his supporters because he was unable to deliver. In the 2009 elections, the Congress Party played both sides, finessing the issue by supporting it sometimes and at some places, opposing it at other times and places. The Congress Party did spectacularly well in the 2009 elections in Andhra Pradesh. Rao's decision to embark on the fast in support of his demand for Telangana was triggered by the fact that the Congress Party appeared to be have little incentive to move forward on the issue. For Rao and the TRS, a party with just two members currently in the Lok Sabha and only six in the state assembly, picking and winning the confrontation with the UPA represents a huge success.

A Can of Worms

¶5. (SBU) By conceding on Telangana, the Congress Party has potentially opened up a can of worms. The party in the state was just emerging from the crisis it faced in Andhra Pradesh following the death of its Chief Minister Y.S. Rajasekhara Reddy in September. Rao's demand for Telangana split the Congress Party in Andhra with many state legislators and members of parliament supporting his demand and others opposing it. Contacts tell us that also at play behind the scenes was an intense battle for the top spot in the state government between the incumbent chief minister, K. Rosiah,

NEW DELHI 00002472 002 OF 002

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and his rival, Y.S. Rajasekhara Reddy's son. The latter, not unhappy that Rao's fast was creating discomfort for his rival, has encouraged the split within the party on the Telangana issue.

¶6. (SBU) Carving out Telangana also raises the thorny question of the status of Hyderabad. The state capital falls in the Telangana region and the TRS has clearly said that there could be no Telangana without Hyderabad. However, Hyderabad is a hub for major businesses of the state including software and pharmaceuticals. Hyderabad business is dominated by the Reddy and Khanna communities of the state but their base is the non-Telangana region of the state. These politically powerful communities are unlikely to cede Hyderabad to Telangana easily.

¶7. (SBU) Within hours of Home Minister P. Chidambaram's announcement of GOI's Telangana decision, 36 members of the state assembly tendered their resignations in protest. Some members of parliament too have threatened to resign over the decision. In the face of such a division within its ranks, it may be in the interest of the Congress Party and the GOI to go slow on the process of creating Telangana. The principal opposition party in Andhra Pradesh, the Telugu Desam Party, has announced that it would oppose any move to divide the state.

Comment: Repercussions Beyond Andhra

¶8. (SBU) The ramifications of the Telangana surrender may go beyond Andhra Pradesh. There are many other statehood demands simmering in India. These demands are likely to get a fresh impetus from the overnight success of the Telangana movement. Within hours of the

GOI's Telangana decision, the Darjeeling -based Gorkha movement has called for a 96-hour Darjeeling closure and a fast unto death by its some of its members to press its demand that a separate Gorkha state be carved out of West Bengal. Similar demands could come from the Vidharba region of Maharashtra; the Bundelkhand and the Poorvanchal regions of Uttar Pradesh; and more obscure nascent statehood movements in other parts of the country. The Congress Party (and the UPA government) may already be regretting its Telangana decision as more demands for statehood come out of the woodwork, the party splits in its stronghold of Andhra Pradesh, and as it is portrayed in the media as weak and spineless, caving at the first signs of trouble at the hands of a politically desperate has-been regional politician.

ROEMER